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HUMAN DEVELOPMENT REPORT

The era of globalization is opening many opportunities for millions of people around the world. Increased trade, new technologies, foreign investments, expanding media and Internet connections are fueling economic growth and human advance. But, many countries are benefitting little from expanding markets and advancing technology. These countries hang on the vagaries of global markets, with the prices of primary commodities having fallen to their lowest in one hundred and fifty years. They have shown little growth in exports and attracted virtually no foreign investment. In sum, today, global opportunities are unevenly distributed between countries and people. This conclusion was reached by this year's UNDP *Human Development Report*. In this **World Chronicle**, Dr. Richard Jolly, principal coordinator of the Report, discusses some of its findings.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

The United Nations Development Programme, UNDP, recently published its tenth *Human Development Report*. The 1999 edition is about the growing interdependence of people in today's globalizing world. More than 1.5 trillion dollars are now exchanged in the world's currency markets each day. Nearly a fifth of the goods and services produced each year are traded. But globalization is more than the flow of money and commodities – it is the growing interdependence of the world's people. And globalization is a process integrating not just economy, but culture, technology and governance. How can people, especially from developing countries, benefit from a globalized world?

Our guest today is the principal coordinator of the *Human Development Report*. He is Richard Jolly, a Special Adviser to the Administrator of the United Nations Development Programme. Joining me to talk with Dr. Jolly are Ian Williams of *The Nation* and Betsy Pisik of *The Washington Times*.

Dr. Jolly, welcome to **World Chronicle.**

LITTLEJOHNS: Dr. Jolly, the report that you produced is extremely interesting and going through it one is impressed by the work that's gone into it. But for some reason a lot of the good stuff in it was somewhat overlooked, perhaps by certain sections of the media at any rate, because of one little mention there of the possibility of some kind of a tax on Internet services, web sites, etc., in order to raise funds to raise the technological level in the developing world. Now as you will recall, Boutros Ghali, the former Secretary-General, got a lot of flak for seeming to suggest a tax, an international tax, on airline tickets. Now you've stepped to some extent into the same minefield. I wonder what your reaction is to the reaction to your report?

JOLLY: It is a minefield amongst some people, frankly in Congress. It's not a minefield round the rest of the world as you will know from your discussions and involvements in the UN. There's a lot of different governments with a lot of practical concerns for tackling the issues of governments which is the theme of this year's Report and one of the elements that we are very concerned with in the global economy is how to spread the benefits of the Internet worldwide. Just as many people, including Bill Gates, the CEO

also of America Online, are concerned with exactly that issue among minority groups within the United States, well this Report is about globalization. So we're concerned with how can the whole world get connected, how can the benefits not just be for the one percent or less in many parts of the Third World who have connections with the Internet but how can it be more broadly established. And we have some wonderful examples of practical things going on. We also tackle in one paragraph where might you get some of the resources from and one of the possibilities we mentioned was the possibility of a bit tax. It's not a formal recommendation, it is an exploration of one mechanism, you can say. If we were to have many ideas in the report and never say at all where any of the resources would be raised from we'd be attacked from that side. So I don't want to go into it because Congress doesn't like us talking about this and so we won't talk about it. I hope you will get many of the benefits and many of the fascinating important issues which are dealt with elsewhere in this report.

LITTLEJOHNS: So the idea has been totally abandoned? I mean it's just something that's floated but....

JOLLY: We don't publish a report and then, as in some....

LITTLEJOHNS: No, no I mean this particular element of it?

JOLLY: That element remains in the report. We don't reprint a document simply because it has a proposal that some people don't like.

LITTLEJOHNS: But it really doesn't have much chance of flying does it?

JOLLY: I think that is true but many ideas which in the short run don't have a chance of flying it's amazing how 5, 10, 15 years later people rediscover them. And I could give many examples from the history of the UN. The very idea of IDA which is now a main pillar of the World Bank....

LITTLEJOHNS: International Development....

JOLLY: Yes. The International Development Association which is a major source of funding for poorer countries, was proposed in the UN in the 1950s. The people who proposed it, very distinguished now – one knighted and so forth – at the time were called the wild men of the UN. And that could be said of many other issues. So let's have a sense of history if we may.

LITTLEJOHNS: So maybe you're a prophet ahead of his time.

WILLIAMS: Now in fact that was one of the issues about which this was said was the *Human Development Report* itself which of course 10 years ago was a sort of a finger in

the direction of the then policy of the World Bank and the International Monetary Fund which just measured gross economic figures. And now, as you know, the World Bank is a total convert and the IMF is showing signs of decent doubt. But this year, I don't want to return to the bit tax, but it struck me as it's moving away from one of the fundamental aspects of the *Human Development Report*. When I have travelled in the Third World one of the problems is not being online in the sense of being on the Internet, it's being online in the sense of having electricity. The people who do have computers their power lines are so variable or they're out of commission for long hours of the day, or they don't even have electricity. So isn't it a bit sort of premature and leaping ahead?

LITTLEJOHNS: Well all they have to do is tap the sun with solar panels. They'll get lots of electricity.

WILLIAMS: Well, yes, average villagers in Yemen don't seem to have a photovoltaic cell panel working. They don't make them there for some reason.

JOLLY: It's not just one thing and don't let's get the Internet proposals out of proportion. People need electricity, they need clean water, they need basic education. That message is still very much in this report and we're very excited that 120 countries, about two-thirds of the developing world – rather more – have produced their own national human development reports. The idea of 10 years ago of human development, as you say Ian, has really begun to catch on. So we're very excited by that. One of our key advisers, Professor A.K. Sen, formerly of Harvard, now of Cambridge, England, won the Nobel Prize last year for economics. In the citation they referred in part to his work on human indicators. So we feel this is something. It's an interesting question. Why are there virtually no human development reports for industrial countries? And that issue was raised in a meeting with non-government groups at the end of July this year and two groups in the United States are now saying we need a human development report on the various issues of human development in the United States. So I hope before long the US may be involved in that.

WILLIAMS: If I could just pick up on the economic part of it, the Report also mentions about the global crises of last year, the financial crisis in Asia. And it seems that even once again the IMF is now recognizing that Malaysia and Korea are recovering fastest and one of the reasons for that is they have ignored the advice given by the IMF. I was wondering if you had any comments. Malaysia in particular being interesting because the government there very strongly went against the tide of all of the advice from the

international financial institutions.

JOLLY: I think the Malaysian story in that respect is extremely interesting and one to study. We concentrate on the human dimension of the Asian crisis and with the help of two young Korean economists we report some very interesting results on the speed of human recovery compared with the speed of economic recovery after crisis. And they looked not only at the Asian crisis but a whole number of other crises over the last 20, 30 years. Normally it takes three to four years longer before the human indicators of well-being have recovered like the economic indicators. And I think that's a very salutary lesson because there's now only a year after there was a real sense of crisis. There's a feeling well the Asian crisis is over, the economies are recovering – Thailand, Korea as well as Malaysia – and we need to remember that if we were living in these countries, particularly among the poorer groups, we might well find education set back, health problems, the health services still not functioning adequately and so forth.

PISIK: One of the things I'm wondering is the importance of the Internet can't be denied and it can't be turned back but how are you going to bring that to these villages where there isn't reliable electricity, clean water, phone lines? If the tax – and obviously no one wants to get into that right now – is not a viable idea, and I agree with you, I don't think it is, how are you going to do that? Are you going to rely on the generosity of philanthropists who recognize this? Is this something that governments can be expected to fund?

JOLLY: I was in Costa Rica some years back and the President, Oscar Arias, said during my terms one of my pledges is to ensure that half the primary schools have a classroom full of computers before I finish. And he achieved that goal. He had two conditions: that the classroom had proper locks and so forth so the computers could be well cared for; and secondly the room had to be open in the evenings so adults could also use the computers. And when I said, "How are you going to fund this?" He said, "From the government budget". I said. "How could you afford that?" He said, "If you noticed we don't have an army so what we might have otherwise put into military we put into good education, health and so forth." But we give examples from India, we give examples from Tunisia, lots of countries, which are taking initiatives even now to get Internet and connections into the rural areas. Of course it takes some resources but it doesn't take billions and a lot of interesting experiments are going on.

LITTLEJOHNS: Dr. Jolly, in the Report I see this passage: "With the erosion of

the welfare state people in the developed world are even less secure and even more vulnerable, smashed or marginalized by market forces, their survival endangered with much of the burden falling on women." Would you like to expand on that a bit?

JOLLY: Two things. We say in the Report that globalization for people in rich as well as in poor countries has added in many ways to human insecurity as we talk about there. People losing their jobs. Even people who have not lost their jobs fearing they may lose their jobs through competitive pressures and so forth. The same time this has been happening many of the traditional mechanisms of providing social security are being weakened. This is not to say that social welfare reform is not necessary and there's a lot of new interesting lessons there. But the pressures of globalization are often putting pressures on the taxation systems of governments and weakening the welfare states therefore. And we say this needs not just a national action but collective discussion between countries, between regions, to see what can be done. The other point which is extremely interesting – we've devoted a whole chapter of this Report – is to the impact on women and, more generally, the impact on care. And we say....

LITTLEJOHNS: Impact on what?

JOLLY: On care. Care. All forms of care. The care that families provide....

LITTLEJOHNS: The sick, the elderly and so on?

JOLLY: Yes. And ourselves. Tender, loving care for you, a hard-pressed journalist, for me...

LITTLEJOHNS: I need it.

JOLLY: Exactly. And often working hours are getting longer, other pressures through the welfare state are being cut back, and we say not that you just need feather bedding, not at all, it's a very realistic report. But these issues need to be brought into the discussion of national policy vis-a-vis globalization.

LITTLEJOHNS: This is **World Chronicle.** Our guest is Richard Jolly, a Special Adviser to the Administrator of the United Nations Development Programme.

WILLIAMS: You were mentioning the care. This is the tenth anniversary. One of the things that's noticeable if you compare it with the first issue is that was immediately round about the time of the fall of the Berlin Wall and all of the statistics for Eastern Europe have plummeted since then. Now to what extent is this a real plummet in living standards, which there obviously is, and to what extent was it for example, I think, notoriously in the

case of Albania the fact that all of the previous statistics were invented by the government and had very little relation to what was happening on the ground?

JOLLY: I wish we could say things are fine, the statistics overstated it before and now you're back to normal. There's far too much evidence which we quote here from various sources that show that life expectancy for men in particular has fallen very considerably in many of the countries of the former Soviet Union. There are other recent reports saying women's life expectancy has also been falling. The human side of the transition as we call it in the countries that were part of the Soviet bloc and are now going into transition, into capitalist economies, that process of transition has had very serious human impact. But we have with the Human Development Index, an index that enables us to measure the human situation. It combines life expectancy, knowledge, access to education, a measure of income in relation to a decent standard of living. And we have that index in this year's report not only for 170 countries. We have trend over time for over 100 countries.

WILLIAMS: Did you do a comparison because some of these countries adopted a sort of more gentle transition into almost – they tried to move into a sort of West European/ Nordic socialist democratic society and others bought the whole Chicago School of Economics capitalism, read it tooth and claw. Do you have any comparison about which of these transition models was less harmful to the bulk of the people?

JOLLY: We don't go into this in this particular report. There are other parts of the UN as you know that have looked at this. And in general the countries of East and Central Europe so far have been doing better than most of the countries of the former Soviet Union but in part because they began the transition earlier, in part because they have had a better balance and they've had often better economic recovery. If we look at the picture of which countries have gained and lost judged by the Human Development Index there's really three categories that have suffered. The ones we've been talking about in the countries in transition, some of the countries in Southern Africa where the impact of AIDS, HIV/AIDS on their life expectancy has been very severe and then thirdly, of course, the countries in conflict. And one of the elements we call for in globalization is stronger mechanisms of international support of different sorts in order to help countries avoid these problems. There's still far too little resources being provided for HIV/AIDS and yet HIV/AIDS is a threat not only widespread in parts of Africa, increasingly in some parts of Asia, but of course it

rebounds on the industrial countries. It's no good saying in this wonderful world of globalization we're all interconnected. Well we're all interconnected for economic benefit but it really doesn't matter on health. So we say health insecurity is one of the problems that needs this action. Similarly, particularly in the halls of this great UN, although it is difficult to tackle the problems of conflict and the sources of conflict, we are all involved. Every day on the front pages of the newspaper one sees examples round the world. One of the interesting pieces of research we report in this Report is what are the causes of this conflict. Is it just ethnic conflict? No. It is closely linked to growing inequality of what we call horizontal inequality. Inequality within a country between ethnic groups or between regions, and the research shows allow that to grow. And you get traditional frictions and sensitivities bursting out into open conflict. Does anyone gain? No.

PISIK: In essence you're talking about haves and have nots and that is not just in a financial sense but health resources etc. Do you find that governments are receptive to this message? I mean to hear you tell it, and others at the UN, it's extremely obvious but it isn't because this is not being carried through. So in terms of what you've been hearing from the recent General Assembly debate, speeches or from your own contacts with governments how do you convince them to put their own people first?

JOLLY: Interesting and fundamental question. First we're pleased that the report does get attention. I was delighted that President Clinton, in his opening statement to the General Assembly this session referred to the *Human Development Report*. So it does get attention. But on this issue of inequality globally and within countries, we refer to it in the Report as the item on the top of the unlisted agenda. It's not even on the agenda of most countries. It is a little bit in Britain. They refer to redistribution by stealth as part of the present government's strategy. But it will come because, as we point out, the issues of global inequality are totally out of hand. 1960 the gap between the fifth of the world's people living in the richest countries and the fifth of the world's people living in the poorest was a gap of 30 to 1, much more than you'll find within any country. By 1990 it was 60 to 1 and by the time we got to this Report it is 74 to 1. We also compare it with what were these gaps like in the 19th century at the beginning of the wave of industrialization and, indeed, globalization. 3 to 1 in 1820 between the richest and the poorest country, about 5 to 1 in the middle of the 19th century. When at the end of the 19th century there was a surge of globalization, trade, foreign investment and so forth it went up to about 9 to 1, but it's not 30, 60, 74. It's not

only a bigger gap than we've ever seen before in history, it is rising faster.

PISIK: And you attribute that to what exactly?

JOLLY: A number of causes but certainly globalization and the free market without any moderations in these matters is one part. Certainly the failure of governments to adopt various policies that could control, moderate.... No one is saying vast redistribution of income but one is saying that when the poorest countries are not even growing economically that needs particular attention. We have a lot of proposals.

LITTLEJOHNS: Dr. Jolly, you say nice things about Canada in your Report, I wonder have you had any complaints from some Member States that perhaps you haven't treated them as kindly as they might wish?

JOLLY: Curiously Canada – a number of Canadians write to us and say you list us by the Human Development Index as number one in the world and frankly we don't think that's good, we see many problems here. And secondly, you're encouraging a dangerous complacency. Well my reply is the figures are what the figures show and all of this is relative. No one is saying that to be number one is perfect. And we do say if you look at the Human Poverty Index which looks at the situation of the poorest as opposed to the average situation of the country as a whole, then I'm afraid Canada and the United States and Britain don't do very well at all. The Human Poverty Index says what proportion of people in the country fail to reach 40 years of life expectancy, what proportion are functionally illiterate, what proportion are long-term unemployed, what proportion of people earn half of the median average income. By those indicators there's some real work to be done in the United States, in Canada, in a number of other industrial countries.

LITTLEJOHNS: So which countries rise to the top in that situation?

JOLLY: Sweden right at the top. Sweden has about seven percent of its population affected by these various forms of human depravation, human poverty. Functional literacy is also way down, also about seven percent as opposed to about 21, 22 percent in the United States and Britain.

LITTLEJOHNS: Which is the most literate country in the world?

JOLLY: By this standard Sweden.

WILLIAMS: There's an interesting figure -- this might be a bit unfair because I don't think you wrote the *Human Development Report* but tracking it over the 10 years the United States had a huge rise in the statistics from I think it was No. 21 to No. 3. Or it went all the

way. But that was because of a change in the statistics, on measuring the educational attainment. And it seem that almost the only purpose of that was to make the United States shoot through the ranks because nowhere else do kids spend so long in school or, according to some figures, to so little effect?

LITTLEJOHNS: You have about 30 seconds to respond to that.

JOLLY: We actually don't use that particular indicator any more. Statistics have problems but without some figures it is very difficult to judge the situation in the world. We hope people will click on to the *Human Development Report*. You can get on to it Internet. In a month you'll have the whole lot and all its statistics in a CD-rom. And many students use it. We hope it will be useful.

LITTLEJOHNS: Dr. Jolly, that was a very interesting review of a very interesting report but that's all the time we have. Thank you for being with us on this edition of **World Chronicle.** Our guest has been Richard Jolly, a Special Adviser to the Administrator of the United Nations Development Programme. He was interviewed by Ian Williams of *The Nation* and Betsy Pisik of *The Washington Times*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**